

**STATE BOARD OF EQUALIZATION
FISCAL YEAR 2010-11
PROPOSAL No. XX**

TITLE OF PROPOSED CHANGE:

Increase Revenue Through Agricultural Inspection Station Tax Leads

SUMMARY OF PROPOSED CHANGES:

This proposal requests \$1,708,000 (\$1,127,000 General Fund and \$581,000 Reimbursements) in Fiscal Year (FY) 2010-11 and \$1,691,000 (\$1,116,000 General Fund and \$575,000 Reimbursements) in FY 2011-12 and ongoing to continue 16.0 limited-term positions on a permanent, full-time basis to generate an estimated \$14.3 million per year in revenue through the detection and identification of property brought into California without payment of the sales and use tax. This proposal would authorize the program to continue the current data collection at the California Department of Food and Agriculture (CDFA) inspection station in Needles, California that will increase voluntary compliance and collect unpaid taxes. The continuation of this successful revenue generating program with CDFA will result in an estimated ongoing benefit-to-cost ratio of 8.5 to 1.

STATE BOARD OF EQUALIZATION

Fiscal Year 2010-11

Increase Revenue Through Agricultural Inspection Station Tax Leads

A. Nature of Request

Based on the success of the Board of Equalization's (BOE) pilot Agricultural Inspection Station Tax Leads program, this proposal will generate an estimated \$14.3 million in ongoing revenue through the detection and identification of property brought into California without payment of the sales and use tax. This proposal would authorize the program to continue the current data collection at the Department of Food and Agriculture (CDFA) inspection station in Needles, California. The continuation of the existing program will help BOE close the tax gap (the difference between the taxes due and taxes reported and paid). Under this proposal, continuation of this successful revenue generating program with CDFA will result in an estimated ongoing benefit-to-cost ratio of 8.5 to 1. The BOE's Sales and Use Tax Department (SUTD) requires the following resources:

- \$1,708,000 (\$1,127,000 General Fund and \$581,000 Reimbursements) in fiscal year (FY) 2010-11 and \$1,691,000 (\$1,116,000 General Fund and \$575,000 Reimbursements) in FY 2011-12 and on-going years to permanently establish 16.0 limited-term positions scheduled to expire on June 30, 2010, and related resources to increase voluntary compliance and collect unpaid taxes.
- Authorize continuation of the interagency agreement between the BOE and the CDFA (\$244,000 for FY 2010-11 and \$232,000 for FY 2011-12).

Pilot Program Revenue Information

Fiscal Year	Estimated Revenue	Actual Revenue	Actual Benefit-to-Cost Ratio
2007-08	\$8.9 Million	\$13.2 Million	9.0 to 1
2008-09	\$8.9 Million	\$13.0 Million	9.1 to 1

B. Background/History

The BOE is responsible for administering the Sales and Use Tax program, and is therefore responsible for closing the sales and use tax gap through various strategies. One strategy is to partner and share information with other governmental agencies, such as CDFA. Without such strategies, the BOE must depend on purchasers to voluntarily report use tax due to the BOE or voluntarily report and pay the use tax on their California Income Tax Return.

Prior to the implementation of the pilot Agricultural Inspection Station Tax Leads program in FY 2006-07, the BOE's ability to identify property entering California and avoiding sales and use tax was limited due to insufficient resources resulting in only occasional visits to weigh stations. The primary program focus of the Motor Carrier program was to ensure compliance with fuel taxes, and any potential sales and use tax leads occurred as a by-product of diesel fuel tax enforcement. During this time, the SUTD began researching the most effective and efficient method of capturing data on tangible personal property entering California via motor carriers. The BOE determined motor carrier traffic entering California

must pass through CDFA's around-the-clock border inspection stations and open California Highway Patrol (CHP) inspection and weigh stations. Some carriers may bypass open CHP inspection facilities by enrolling in a program called PrePass, an automated, state-of-the-art system allowing heavy vehicles that are registered in the program to legally bypass open weigh stations. However, these carriers may not bypass CDFA inspection stations. CDFA inspectors are able to observe all commodities entering California through their inspection stations and have access to bills of lading. Therefore, the BOE entered into an interagency agreement with CDFA whereby CDFA would photocopy bills of lading of interest from motor carriers at agriculture inspection stations and provide these potential leads to be followed-up by staff at the SUTD's Riverside District Office.

The Agricultural Inspection Station Tax Lead Pilot program was approved in the FY 2006-07 budget process adding 13.0 limited-term positions in SUTD to identify untaxed property brought into the state through the Needles CDFA border inspection station and CHP inspection and weigh stations. The pilot program also funded 3.0 CDFA positions (through interagency agreement) at the Needles station for around-the-clock coverage of motor carriers entering California and 3.0 limited-term positions from the BOE's Motor Carrier Section (MCS) for intermittent coverage of motor carriers entering California from various CHP inspection and weigh stations to provide SUTD with lead information. The FY 2008-09 budget process approved a two-year extension of this program through FY 2009-10. The volume and productivity of the CDFA leads has been significantly greater than the MCS leads.

Since the implementation of the program in FY 2006-07 and the interagency agreement with CDFA, BOE has received photocopies of bills of lading, fuel tax licenses, and vehicle registration documents from CDFA staff screening motor carriers transporting items into California that are destined for California retailers and may be subject to use tax. MCS staff also provides leads from work performed at CHP inspection and weigh stations. After receiving the leads from CDFA and MCS, SUTD staff determines if the entities receiving or shipping are registered with the BOE. Transactions requiring additional investigation are assigned to staff for contact, analysis, and possible assessment and collection of taxes and fees due. BOE staff pursues those purchasers or sellers of tangible personal property that may require a permit.

This requested continuation of the production of leads from CDFA's Needles station stems from the success of the pilot program. Accounting for CDFA leads only, the program has generated revenue of \$11.8 million in FY 2007-08 and \$11 million in FY 2008-09. The CDFA leads contained more productive data than anticipated and this is reflected in SUTD exceeding our original BCP estimate of \$8.9 million for FY 2007-08 and 2008-09. This pilot program is scheduled to end on June 30, 2010 with the expiration of the temporary funding. Millions of dollars generated by this program will be lost unless funding to continue the program is approved. In addition, should this pilot program be allowed to expire, it would negatively affect CDFA's ability to fully utilize staff at the Needles inspection station to inspect motor carriers entering California.

C. State Level Considerations

The BOE is charged by the State Constitution and by statute to oversee the property tax assessment practices of 58 county assessors, assess and allocate the property values of railroads and specified utilities, administer the state's sales and use tax, fuel, alcohol, and tobacco taxes as well as collecting fees to fund numerous specific state programs.

Successful administration of these tax and fee programs has resulted in the collection of 32 percent of the State's annual revenue.

This proposal further addresses (1) the intent to ensure CDFA staff fully screens motor carriers transporting items into California and providing leads generated during the screening process to BOE in anticipation of collecting taxes due to the state and (2) addresses Administration's goal of partnering with other governmental agencies and leveraging existing resources.

D. Justification/Analysis of All Feasible Alternatives

This proposal addresses the Legislatures' intent to close the \$1.5 billion tax gap and is consistent with the BOE's Strategic Plan, 2007-2011. Specifically, this proposal conforms to two of BOE's Strategic Plan Goals:

Goal 1: Maximize Voluntary Compliance in BOE's Programs

This BCP proposes a permanent continuation of activities that support the Board's goal to identify and analyze areas of noncompliance and develop approaches (such as enhanced partnerships with other governmental agencies) to address targeted areas of concern.

Goal 2: Improve the Efficiency of BOE's Tax and Fee Programs

Permanent expansion of the program will show BOE's commitment to fair and responsible administration of tax including assessing, collecting, and allocating revenue more efficiently. BOE will use this program to more effectively leverage business opportunities with other governmental agencies and implement new approaches to administering tax programs.

This proposal requires the requested resources to only be applied to the highest priority workload and workload growth. Thus, this proposal meets the Board's purpose to ensure BOE identifies and analyzes areas of noncompliance and implements approaches to efficiently administer the Sales and Use Tax program.

Based on the existing BOE/CDFA pilot program over the past two years at CDFA's Needles station, the BOE has been able to conclusively determine there are significant amounts of tangible personal property being shipped into California subject to sales and/or use tax. The strategy of CDFA gathering tax leads from motor carriers entering California and having BOE staff pursue the leads has proven beneficial to both agencies. The leads generated by CDFA have been significantly more voluminous and effective in identifying potential leads than those generated by the MCS.

Data from the pilot program suggests California businesses and consumers will continue purchasing high value products from out-of-state retailers without remitting the California tax due. New marketing technologies continue to expand Internet sales of tangible personal property consumed by businesses and individuals in California. More than ever before, California based businesses such as construction contractors, commercial builders, and technology businesses are purchasing their materials and supplies from out-of-state without a retailer reporting and paying the tax on the transactions. Absent any concentrated

enforcement effort, the adverse effect on state and local tax revenues will continue to widen this component of the tax gap.

SUTD recommends continuing the existing partnership with CDFA and their dedicated effort of around-the-clock monitoring of motor carrier traffic entering California through the inspection station in Needles. However, in review of the leads MCS generated under this pilot program which were found to be considerably fewer in number and revenue compared to CDFA's effort with similar operating costs, the 3.0 MCS positions are not recommended to continue. SUTD recommends redirecting the 3.0 MCS positions identified in the pilot program to SUTD to address on-going and more productive leads produced by CDFA.

With proposed permanent staffing of the existing 13.0 SUTD positions and the redirection of the 3.0 MCS positions to permanent positions in SUTD to handle the quantity of leads generated through the interagency agreement with CDFA, sales and use tax revenues are projected to be \$14.3 million per fiscal year.

Alternatives:

Alternative 1 – Approve budget augmentation to convert 16.0 limited-term positions and resources to a permanent basis and continue the interagency agreement between BOE and CDFA for the Needles location.

This alternative requests \$1,708,000 in FY 2010-11 and \$1,691,000 in FY 2011-12 and ongoing for 16.0 permanent positions and related resources to continue this successful pilot program. This alternative continues SUTD's efforts to generate revenue by identifying tax leads and concentrate on outreach, education, and to a somewhat lesser extent on tax avoidance.

SUTD Team

Under this alternative, the current 13.0 member SUTD team will continue to work from the Riverside District Office. The 3.0 existing MCS positions operating under the pilot program will be redirected to the SUTD team (total of 16.0 positions) and also work from the Riverside District Office. The pilot program identifies these 3.0 MCS positions as Business Taxes Representatives (BTR) due to the nature of the work being performed. However, one of the BTR positions redirected to the SUTD team will be converted to a Tax Technician (TT) III to address less complex interactions with taxpayers or provide needed assistance and will focus on current delinquent liabilities due. The remaining 2.0 BTR's will focus on unregistered taxpayers to determine if a permit is required and investigate use tax leads relating to business operations for tax evasion and/or non-compliance with applicable sales tax laws.

When the SUTD team receives leads, they review the documents to determine if tax may be due and if each lead warrants further investigation. The team contacts potential taxpayers, performs required prioritization of case assignments, and analyzes information to determine if an audit or issuance of a permit may be warranted. The SUTD team will consist of the following permanent full-time positions:

- 1.0 Business Taxes Administrator I
- 1.0 Business Taxes Compliance Specialist
- 5.0 Business Taxes Representatives
- 2.0 Business Taxes Specialist I
- 2.0 Associate Tax Auditors
- 2.0 Tax Auditors
- 2.0 Tax Technician III
- 1.0 Office Technician (Typing)

Duties and Workload

Under this alternative, CDFA will continue to obtain leads and the BOE will continue to screen them, contact purchasers, effect compliance and conduct audits. These leads include such high value purchases as steel beams and lumber purchased by construction contractors. (See Exhibit I on pages 10 - 13 for detailed workload justification.)

CDFA Workload - Compliance

Truck traffic at the CDFA Needles station during 2008 was approximately 1.1 million cargo carrying trucks. Based on 2008 data from the pilot project at the CDFA Needles station, the associated workload is based on the team receiving 43,042 documents from CDFA in a twelve-month period. After further review by BOE staff, approximately 11,600 (27%) leads will be assigned to be worked. The revenue estimate is based on 16.0 positions in SUTD that are necessary to work the leads generated by the Needles CDFA inspection station.

CDFA Workload - Audit

Based on screened leads from the Needles station during the pilot program, it's expected that the Needles station will generate approximately 75 audits per twelve-month period. While the additional three compliance staff will process outstanding leads to generate additional revenue, these leads are not expected to have a material impact on the number of audits worked.

Revenue Projection – Compliance and Audit

Based on historical data from the Needles location and with a fully trained and experienced staff, it's estimated that during a twelve month period compliance activities could generate \$12.4 million from leads generated at the Needles stations. Based on historical data from the Needles leads and a fully trained and experienced staff, it's estimated that \$1.9 million will be generated from audit activities. Based on these two activities, SUTD estimates a total of \$14.3 million in annual revenue will be generated on an ongoing basis.

California Department of Food and Agriculture (CDFA) Interagency Agreement

Of the \$1,691,000 ongoing annual costs, \$232,000 is included to continue the funding of an interagency agreement with CDFA for their personnel services and operating expenses. These positions review the cargo and bills of lading of motor carriers to identify tax leads for the BOE. Based on predetermined guidelines, CDFA forwards photocopies of pertinent motor carrier documents (leads) to the BOE for review and possible investigation.

Pros:

- Continues generating revenue of \$14.3 million with an ongoing benefit-to-cost ratio of 8.5 to 1.
- Allows BOE to continue the focus on tax gap enforcement within California which helps close the tax gap.
- Provides resources necessary to work leads in a timely manner.
- Creates taxpayer awareness of the BOE's intent to enforce tax laws fairly and uniformly.
- Encourages voluntary compliance.
- Continues an education process regarding the application of the sales and use tax to transactions and the possible need for a seller's permit.
- Leverages existing state resources of CDFA.

Cons:

- Requires permanent funding of approximately \$1.7 million for FY 2010-11 and ongoing.
- Creates possible minor overlap of efforts to maximize voluntary use tax reporting on the state income tax returns.
- Eliminates a proven revenue generating program.

Alternative 2 – Approve budget augmentation to convert 16.0 limited-term positions and resources to a permanent basis, and expand the program by adding 42.5 additional full-time positions with related resources to process leads from a total of four CDFA locations.

This alternative has a potential revenue increase of \$36.9 million during the first year and \$44.4 million in subsequent years. To implement this alternative, BOE would request \$6,681,000 in FY 2010-11 and \$6,018,000 in FY 2011-12 and ongoing and 58.5 permanent positions and related resources to increase voluntary compliance and collect unpaid taxes. The above costs include \$950,000 for FY 2010-11 and \$893,000 for FY 2011-12 to expand the interagency agreement with CDFA to include three additional Agricultural Stations along with the existing services from CDFA. This alternative would continue SUTD's efforts to identify tax leads and concentrate on outreach, education, and to a somewhat lesser extent on identifying tax avoidance. The expansion of the program, which would involve further partnering with CDFA, would provide additional revenue and further the measurement of the size of the tax gap for this stream of commerce between tax revenue due under existing laws compared to the actual revenue reported and paid. The estimated benefit-to-cost ratio for ongoing years of this proposal is 7.4 to 1.

Pros:

- Expands a proven successful program with a potential revenue increase of \$36.9 million during the first year of implementation and \$44.4 million during the second and subsequent years after implementation.
- Allows BOE to expand the focus on tax gap enforcement within California which helps close the tax gap.
- Works in conjunction with other tax gap efforts (Registration of Service Enterprises, Customs Project, Tax Service Projects) to raise awareness of the use tax and increase compliance.
- Provides resources necessary to work leads in a timely manner.
- Expands the SUTD ability to measure the effectiveness of obtaining tax enforcement leads at additional border locations to determine if the program should be expanded further.
- Creates taxpayer awareness of the BOE's intent to enforce the tax laws fairly and uniformly.
- Encourages voluntary compliance.
- Expands our education process regarding the application of the sales and use tax to transactions and the possible need for a seller's permit.
- Leverages existing state resources of CDFA.

Cons:

- Program costs of \$6,681,000 in FY 2010-11 and \$6,018,000 in FY 2011-12 and succeeding years.
- Creates possible minor overlap in efforts to maximize voluntary reporting on the state income tax returns.

E. Facility/Capital Outlay Considerations

Since the recommended alternative requests permanent establishment of positions previously authorized on a limited-term basis, there will not be an additional impact on existing facility.

F. Outcomes and Accountability

The proposal will make permanent the existing program starting July 1, 2010. The productivity of staff will continue to be measured by the number of cases handled and by the general overall effectiveness of the program's ability to generate revenue. Revenue is routinely measured and increases (or decreases) will be reflected in monthly reporting processes. The program's supervisory team will maintain control and oversight of program operations.

G. Timetable

This proposal will be implemented beginning July 1, 2010.

July 1, 2010 – June 30, 2011 and ongoing
<ul style="list-style-type: none"> • Ensure paperwork is completed for positions to continue on a permanent basis beginning July 1, 2010. Fill any vacancies in the program.
<ul style="list-style-type: none"> • Continue collection of Agricultural Inspection Station Tax Leads on a permanent basis.
<ul style="list-style-type: none"> • Continue assigning new leads to SUTD staff for contact, analysis, and possible assessment and collection of taxes and fees due. BOE staff will also continue to pursue those purchasers or sellers of tangible personal property that may require a permit.
<ul style="list-style-type: none"> • Report activity and revenue information on a quarterly basis.

H. Recommendation

Alternative 1 - Approve budget augmentation to convert 16.0 limited-term positions and resources to permanent basis and continue the interagency agreement between BOE and CDFA for the Needles location - is recommended. The alternative would authorize funding of the Agricultural Inspection Station Tax Leads program to identify property being brought into California without payment of the sales and use tax. This alternative will help reduce the tax gap. Retaining the requested resources will allow the SUTD to continue its Agricultural Inspection Station Tax Leads program and generate the resulting revenue stream. Authorization of \$1,708,000 in FY 2010-11 and \$1,691,000 in FY 2011-12 and ongoing will generate approximately \$14.3 million in revenue annually. The benefit-to-cost ratio for FY 2010-11 is 8.4 to 1. The benefit-to-cost ratio for FY 2011-12 and ongoing is 8.5 to 1.

I. Fiscal Detail

See attached "Fiscal Detail" schedules.

DRAFT

Exhibit 1 – Workload Requirements – Alternative 1

1.0 Business Taxes Administrator I

The Business Taxes Administrator (BTA) I acts as the first-line supervisor. The BTA I plans and supervises the activities of the SUTD Team including the review of collection and audit cases and manages the workload through the appropriate assignment of tax leads. The BTA I reviews reports of discussion prepared by staff in response to petitioned determinations, conducts office discussions and in conjunction with the appropriate District Principal Auditor represents the Board throughout any appeal of an audit determination related to lead assessments. The BTA I approves/disapproves staff proposed actions as captured in the database and assignment tracking systems (IRIS and ACMS, respectively), and responds to constituent, Board Member, and BOE management inquiries.

1.0 Business Taxes Compliance Specialist

The Business Taxes Compliance Specialist (BTCS) will handle the more difficult and high dollar collection cases, provides guidance on other collection cases, and is expected to be the BOE resource dedicated to refining the knowledge base of CDFA staff which is critical to enhancing productive lead generation. Table A below provides additional details of responsibilities with an estimated workload for the 1.0 BTCS position.

TABLE A
Workload Detail
Business Taxes Compliance Specialist

Activity	Cases/Year	Hours/ Case	Total Hours
Works the larger dollar and complex leads and analyzes scope of potential liability for self-assessment by taxpayer or for Board assessment	50	16	800
Works largest delinquent accounts (non-voluntary compliance)	80	12	960
Works with auditors on complex compliance issues			100
Works at Inspection Station with staff (CDFA) to enhance lead generation			100
Total Hours per year			1,960
Total Positions (1800 Hours per Position)			1.08

5.0 Business Taxes Representative

The Business Taxes Representative (BTR) is assigned unregistered tax leads to determine if a permit is required and investigates use tax leads relating to business operations for tax evasion and/or non-compliance with applicable sales tax laws. The BTR analyzes the scope of the potential liability for self-assessment by the taxpayer on leads where a full audit may not be warranted. Table B below provides additional details of responsibilities and an estimated workload for the 5.0 BTR positions.

TABLE B
Workload Detail
Business Taxes Representative

Activity	Leads/ Year	Hours/ Lead and/or Case	Total Hours
Initial review of unregistered tax leads and paper correspondence	14,500	0.13	1,885
Investigates leads on business operations for tax evasion/non-compliance, contact taxpayers, follow-up contacts, obtain returns, collect payments and take appropriate collection action (e.g. levies, earnings withhold orders, collection warrants, etc.), analyzes scope of potential liability for self-assessment	6,960	1.00	6,960
Total Hours per year			8,845
Total Positions (1800 Hours per Position)			4.91

2.0 Business Taxes Specialist I

The Business Taxes Specialist (BTS) I performs a necessary step in the audit process by analyzing and reviewing tax audits and field billing orders completed by members of the audit staff. Table C below provides the additional details of responsibilities and an estimated workload for the 2.0 BTS I positions.

TABLE C
Workload Detail
Business Taxes Specialist I

Activity	Cases/Year	Hours/ Case	Total Hours
Analyzes and reviews audit leads, assessments, billings, deficiencies, and any related claims for relief of penalties or interest	500	5	2,500
Analyses and reviews audits, petitions, claims for refund, and meets and discusses non-concurred audit findings with staff and taxpayers as necessary	85	6	510
Reviews and responds to petition cases, corresponds with taxpayers and prepares recommendations for management review and Board action	50	10	500
Researches complex legal and technical auditing issues, communicate with auditor and supervisor to correct errors or deficiencies, and prepare correspondence on more complex issue raised in response to staff inquiries on transactions	80	5	400
Total Hours per year			3,910
Total Positions (1800 Hours per Position)			2.17

2.0 Associate Tax Auditor

The Associate Tax Auditor (ATA) handles the complex field audits resulting from sales and use tax leads for the larger potential liabilities, where there may be an extended period of noncompliance, or where compliance staff could not ascertain the full extent of any liability. Table D below provides the additional details of responsibilities and an estimated workload for the 2.0 ATA positions.

TABLE D
Workload Detail
Associate Tax Auditor

Activity	Cases/ Year	Hours/ Case	Total Hours
Completes complex field audits (e.g. construction contractors, manufacturers, wholesalers, and other service business enterprises not reporting substantial sales or use tax), acts as lead auditor on more difficult and complex audits and recommends to supervisor if an audit assistant or Computer Audit Specialist is warranted	33	75	2,475
Investigation of leads for possible audit	35	8	280
Total Hours per year			2,755
Total Positions (1400 Hours per Position)			1.97

2.0 Tax Auditor

The Tax Auditor (TA) works a wide variety of leads, and performs routine field audits resulting from sales or use tax leads with significant potential liability where there appears to be an extended period of noncompliance, or where compliance staff could not ascertain the sales or use tax liability requiring travel to business locations. Table E below provides the additional details of responsibilities and an estimated workload for the 2.0 TA positions.

TABLE E
Workload Detail
Tax Auditor

Activity	Cases/ Year	Hours/ Case	Total Hours
Prepares for audits (e.g. reviews sales and use tax lead documentation; receives selected assignments; makes audit appointments; reviews laws, regulations and rulings; develops procedures and scope of testing, performs audits resulting from sales or use tax leads with significant potential liability from extended period of noncompliance or where compliance staff could not ascertain the sales or use tax liability)	42	70	2,940
Total Hours per year			2,940
Total Positions (1400 Hours per Position)			2.10

2.0 Tax Technician III

The Tax Technician (TT) III is given assignments to initially contact tax debtors by telephone or mail to collect delinquent smaller dollar use tax liabilities; recommends issuance of levies, Earnings Withhold Orders, warrants for collection; and recommends approval of installment payment proposals. Table F below provides the additional details of responsibilities and an estimated workload for the 2.0 TT III positions.

TABLE F
Workload Detail
Tax Technician III

Activity	Leads/ Year	Hour/ Lead and/or Case	Total Hours
Initial review and screening of smaller cases, contacts tax debtors by telephone or prepare correspondence to collect delinquent small dollar use tax liabilities	32,200	0.10	3,220
Follow-up contacts, collection actions (e.g. issuance of levies, Earnings Withhold Orders, warrants for collection, recommends approval of installment payment proposals). Utilizes skip-tracing techniques such as cross-reference directories, credit reports, DMV/EDD/FTB information, and external agency sources to locate tax debtors, assets, and forwarding addresses	400	1.5	600
Total Hours per year			3,820
Total Positions (1800 Hours per Position)			2.12

1.0 Office Technician (Typing)

The Office Technician (OT) inputs data to the Integrated Revenue Information System (IRIS) from completed audit reports and field billing orders; updates audit interest calculations in the IRIS for full or partial payments of recommended liabilities; resolves exceptions such as missing, conflicting or erroneous data; computes and verifies the mathematical accuracy of audit working papers; prepares and organizes transmittal reports to Headquarters; identifies documents such as waivers of limitation and claims for refund which must be included with the transmittal report; handles appropriate documents to be sent to taxpayers and their representatives; responsible for attendance coordinator duties with regard to time sheets, leave requests, etc.

BCP No.

DATE: August 31, 2009

STATE OF CALIFORNIA
BUDGET CHANGE PROPOSAL--FISCAL DETAIL
STATE OPERATIONS
FISCAL YEAR 2010-11
(Dollars in Thousands)

Title of Proposed Change: Increase Revenue Through Agricultural Inspection Station Tax Leads

Program/Element/Component: All

	PERSONNEL YEARS			CY	BY	BY + 1
	CY	BY	BY + 1			
TOTAL SALARIES AND WAGES _{a/}		16.0	16.0		\$827	\$827
Salary Savings		-8	-8		-41	-41
NET TOTAL SALARIES AND WAGES		15.2	15.2		786	786
Staff Benefits _{a/}					286	286
TOTAL PERSONAL SERVICES		15.2	15.2		\$1,072	\$1,072
OPERATING EXPENSE AND EQUIPMENT						
General Expense					\$36	\$33
Printing					3	3
Communications					10	10
Postage					5	5
Travel--In-State					100	100
Travel--Out-of-State						
Training					13	13
Facilities Operations					187	187
Consulting & Professional Services: Interdepartmental					244	232
Consulting & Professional Services: External						
Department of Technology Services					32	32
Data Processing					6	4
Equipment						
Other Items of Expense: (Specify Below)						

_{a/} See page 16 of 17 for itemized staff benefits and classification detail.

		BCP No.		
		CY	BY	BY + 1
TOTAL OPERATING EXPENSE AND EQUIPMENT			\$636	\$619
TOTAL EXPENDITURES (State Operations)			\$1,708	\$1,691
<u>Source of Funds</u>				
General Fund	(0001)		\$1,127	\$1,116
Special Funds:				
Breast Cancer Fund	(0004)			
State Emergency Telephone	(0022)			
Motor Vehicle Fuel Account	(0061)			
Occupational Lead Prevention Fund	(0070)			
Childhood Lead Poisoning Prev. Fund	(0080)			
Cig. and Tobacco Prod. Surtax Fund	(0230)			
Oil Spill Prevention and Admin. Fund	(0320)			
Integrated Waste Management	(0387)			
Underground Storage Tank Fund	(0439)			
Energy Resources Programs Account	(0465)			
CA. Children and Families First Trust Fund	(0623)			
Federal Trust Fund	(0890)			
Timber Tax Fund	(0965)			
Gas Consumption Surcharge Fund	(3015)			
Water Rights Fund	(3058)			
Elec. Waste Recovery and Recycling Acct.	(3065)			
Cig. and Tobacco Prod. Compliance Fund	(3067)			
Federal Funds				
Other Funds				
Reimbursements	(0995)		\$581	\$575
Net Total Augmentation (Source of Funds)			\$1,708	\$1,691

**DETAIL OF STAFF BENEFITS
AND PERSONAL SERVICES**

					CY	BY	BY + 1
					(Whole Dollars)		
Staff Benefits Detail:							
OASDI						\$60,129	\$60,129
Health Insurance						104,098	104,098
Retirement						116,548	116,548
Workers' Compensation						472	472
Industrial Disability Leave						676	676
Non-Industrial Disability Leave						605	605
Unemployment Insurance						393	393
Other						2,641	2,641
TOTAL						\$285,562	\$285,562

Classification	Positions			Salary Range ^{a/}	Amount		
	CY	BY	BY + 1		CY	BY	BY + 1
Sales and Use Tax:							
Field (Existing Positions):							
Assoc. Tax Auditor		2.0	2.0	\$64,164		\$128,328	\$128,328
Bus. Taxes Admin. I		1.0	1.0	67,152		67,152	67,152
Bus. Taxes Compl. Spec.		1.0	1.0	61,104		61,104	61,104
Bus. Taxes Representative		5.0	5.0	42,384		211,920	211,920
Bus. Taxes Spec. I		2.0	2.0	74,016		148,032	148,032
Office Technician (Typing)		1.0	1.0	35,532		35,532	35,532
Tax Auditor		2.0	2.0	48,408		96,816	96,816
Tax Technician III		2.0	2.0	39,036		78,072	78,072
Blanket Funds:							
Overtime (Various)							
Temporary Help							
TOTAL SALARIES AND WAGES		16.0	16.0			\$826,956	\$826,956

^{a/} The salary is the mid-step of the salary range for the stated classification.

SUPPLEMENTAL INFORMATION

Dollars in Thousands

	<u>Current Year</u>	<u>Budget Year</u>	<u>Budget Year + One</u>
Proposed Equipment:			
N/A			
Total			
Proposed Contracts:			
Dept. of Food & Agriculture		\$244	\$232
Total		<u>\$244</u>	<u>\$232</u>
One-Time Costs:			
General Expense		\$3	
Data Processing		2	
Total		<u>\$5</u>	
Future Savings:			
N/A			
Total			
Full-Year Cost Adjustments:			
N/A			
Total			